



Ambassador Jeffrey L. Bleich – Smart Grid Conference

Remarks of Ambassador Bleich Smart Grid Conference

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Thank you for that kind introduction. I'd like to thank Bernard Morneau, OSISoft and my colleagues from the Department of Commerce for hosting this event and giving me the opportunity to meet with you all today. I am also very grateful to George Arnold for that excellent presentation.

I've been in my current post as Ambassador for just over four months now, and so I've come more to learn than to speak. But I've done some work with cleantech and energy efficiency as a lawyer, in my work as Special Counsel at the White House and, in my current post, have been meeting regularly with energy leaders in Australia. So this is a special interest of mine. I'd like to share some thoughts on the state of play in energy reform on a federal level and then focus a bit on the current state of Australia's efforts to embrace a new generation of energy technologies. For the people here, what may be of most interest is the investment opportunities that Australia's efforts present for American businesses, particularly given the strength of the Australian economy coming out of the GFC.

The fact that you voluntarily came to this windowless conference hall on a beautiful day in San Francisco means that you already understand that – as a nation and as a world – we have to fundamentally change the way we create, store, transmit, and use energy. As George has just described, today's most affordable and most familiar ways of using energy place us on a collision course with massive problems. We have an ageing, inefficient infrastructure that is under greater stress, and has produced extraordinary waste in both excess storage and inadequate storage. One example is that our black-out rate is 10 times that of Japan, which alone drains billions of dollars from our GD. Moreover, waste in energy distribution requires us to buy more of our fuel from other sources which increases energy insecurity and debt, and costs us jobs when a smart energy structure would increase jobs. And that does not even mention the costs of pollution and the contribution to potentially catastrophic increases in carbon emissions. Existing solutions could avert this collision and instead provide a sustainable means of saving energy that does not alter our quality of life.

Politicians are still arguing but the energy sector and industry get it, and that is critical. The United States is the world's greatest producer and consumer of energy. Our



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industry's capabilities, knowledge and expertise have been world-leading for generations. The President has spoken personally of his view that at this point in our history the United States has a unique chance to turn our challenges into opportunities. U.S. companies have access to more support from the government to do so than ever before. When I was at the White House we pumped \$4.6 billion of recovery act funds into smart grid technologies, and we are moving forward on setting a price on carbon. In doing so, we are making a bet that the expertise and the inventiveness of American businesses in this effort will keep us at the top. That commitment is continuing with the National Export Initiative whose goal is to double U.S. exports in the next five years – something that will require a major contribution from the cleantech sector.

Which brings me to Australia. For those of you who have never been and don't follow the energy sector, very briefly, they don't drink Fosters in cans, but they do eat vegemite. For the rest of you, I assume you see what I do and are taking Australia very serious as a partner and as a resource.

First, as a partner, Australia has remarkably similar challenges and opportunities. So it would benefit from the same technologies that are promising to the U.S. In particular, Australians and Americans use energy in very similar ways. The nations are approximately the same size physically although obviously there are significant population differences. They have a similar car culture, similar industries, and enjoy a similar standard of living. Australians actually use slightly less energy per capita than we do, but on the other hand they have somewhat higher impacts – particularly from pollution and greenhouse gas intensities -- because of their heavy reliance on coal. Like the U.S. the produce massive amounts of fossil fuels – in their case, coal and liquefied natural gas. Like our state system, their energy infrastructure is highly deregulated and includes a mix of private and state-owned transmission systems. So we really do share a lot of common approaches to energy as a system.

Like the Obama Administration, the current Australian government, led by Prime Minister Kevin Rudd, came to power on a pledge to take serious action on climate change and clean renewable energy. The public commitment to reduce climate change remains strong – in part because of the significance of the ozone hole over Australia and general concern over reliance on fossil fuels. And so, although efforts at creating a carbon trading system have been the subject of on-going debate, other aspects of reforming Australia's energy system are moving ahead. They have raised the national mandatory renewable energy target to 20 percent by 2020. They've taken on efforts to improve energy efficiency and funded billions of dollars in R&D in renewable and clean coal technology. And they have invested in an global institute for carbon capture and storage.



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Most important for our discussion today is Australia's "Smart Grid Smart City" project. Last year the Australian government announced that it would provide \$90 million, in partnership with the energy sector, to develop commercial-scale, smart grid demonstration projects. The goals include educating customers about economic and environmental benefits of smart grids, obtaining buy-in from these customers, and gathering the type of data needed to convince states and broader industry to adopt smart grid applications and standards.

Australian energy consumers are highly concentrated in a few major urban areas but are also in small localities spread out over a continental scale. States and Territories are all bidding on government support for smart-grid demonstration projects in cities like Townsville, Newcastle, and Melbourne. The government just launched a new energy efficiency program to bring about a sea change (or as they say, a "step change") in Australia's energy efficiency. Their goal is to bring Australia to the top of the charts among OECD nations using the technologies that the people in this room produce: smart meters, in-home displays, home automation systems, as well as new networks and field service providers, data collection, control systems, and billing systems.

Other countries may have similar ambitions but Australia is uniquely suited to act on them. Australia weathered the Global Financial Crisis better than any other OECD country. Unlike most economies, Australia did not go into a recession – at least as most economists define that term, because it did not have two consecutive quarters of economic decline. Instead, it had positive growth by the first quarter of 2009. . In fact, Australia's economy has been strong for decades and was in good shape before the GFC. It was effectively the General Electric of developed nations in that it had 17 consecutive years of economic growth up until the 4th quarter of 2008. Last year the Australian economy grew by 1.3% -- one of the best performances of any OECD country, and in 2010 it looks to again be one of the best performing economies.

All of this points to Australia being a particularly good place in which to export and invest. You've got a strong, stable economy, a long and successful history of trade relations, the lowest trade barriers of any U.S. trade partner because of the Australia-U.S. Free Trade Agreement, a solid and reliable legal system and government structure, and a government and public committed to reforming their energy systems. On top of that, Australia has a competitive and well-educated work force and booming economic sectors.

The commodities sector in particular has been booming. For all of these reasons, American energy companies are betting heavily on Australia. Let me give you just one example. Chevron currently has nine percent of its investments in Australia. Within the next decade, it will have forty percent of its investment there. Chevron's Gorgon LNG project up on Barrow Island off the Northwest coast of Australia alone is a \$46 billion



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project. That is twice the market cap of Unocal, and more than Chevron paid to acquire Texaco. The U.S. is currently the largest direct foreign investor in Australia, and the primary destination for Australian investment abroad, and those investments only look to keep growing.

The diversity of Australia's states and their needs also creates a wide range of opportunities. Victoria, which includes Melbourne, is focused on moving off of coal, and looking to bio-fuels and other renewable as well as a smart grid to manage its booming population. Queensland faces very similar challenges but is also looking to extend the use of coal by investing heavily in carbon sequestration technologies. And Tasmania, which is a largely green, hydro-powered state is looking to replace its existing use of coal with wind technologies.

All of these ingredients – desire on the part of Australia to stay on the leading edge of technology, a strong economy with healthy government support for clean energy ideas, and a strong U.S. investment base – add up to an excellent opportunity for companies like those represented here. The President is committed to restoring U.S. leadership in clean energy technologies, and on rebuilding a strong export base through the new National Export Initiative.

So I look forward to American know-how developing the means to fulfill that promise, to create new jobs, and to contribute to a cleaner and better environment and a more secure economy. I look forward to seeing many of you and your new technologies soon in Australia.